

September 23, 2008

The regular meeting of the Council of the City of Martinsville, Virginia, was held on September 23, 2008, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kathy Lawson presiding. Council Members present included: Mayor Kathy Lawson, Gene Teague, Mark Stroud, Sr., and Danny Turner. Vice Mayor Kimble Reynolds, Jr. was absent. Staff present included: Leon Towarnicki, Asst. City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Wayne Knox, Mike Rogers, Marshall Farley, and Coretha Gravely.

Following the invocation by Council Member Gene Teague and Pledge to the American Flag, Mayor Lawson welcomed everyone to the meeting.

On a motion by Gene Teague, seconded by Mark Stroud, Council approved with a 4-0 vote, the minutes of meetings August 22-24 planning session, August 26, September 8 tour, and September 9, 2008.

Mayor Lawson presented a proclamation to Richard and Laurel Ubele honoring them for their support of the community's youth and City Police programs. Sgt. Marshall Farley of the Martinsville Community Policing Unit made remarks thanking the Ubele's for their contributions.

Mayor Lawson presented a proclamation to Ann Walker, Project Connect Outreach Advocate for MHC Coalition for Health & Wellness recognizing October 6, 2008 as Child Health Day.

After brief comments from Wayne Knox, Mayor Lawson opened the public hearing for public comment to amend Section VII. General Sign Regulations, Paragraph K. Temporary Display, of the Zoning Ordinance, to allow a temporary sign to be displayed for sixty continuous days. There being no public comments, Mayor Lawson closed the public hearing. On a motion by Gene Teague, seconded by Danny Turner, Council approved on first reading, an ordinance to amend the Zoning ordinance as previously described, with the following 4-0 recorded vote: Mrs. Lawson, aye; Mr. Teague, aye; Mr. Stroud, aye; and Mr. Turner, aye.

Susan McCulloch and John Scott of the Martinsville Uptown Revitalization Association briefed Council on the Retail Market Workplan for MURA asking for City Council's endorsement and feedback on the plan. Their plan emphasized three recommendations: 1. strengthen existing businesses, 2. increase number of people Uptown, and 3. create three specialized retail clusters of sporting goods, African American heritage, and home furnishings. Comments included: stakeholders have

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been identified; need to make sure we have right resources in place to address these tasks; several tasks are EDC types of tasks and we need to determine how the EDC will be involved; MURA staffing is largely volunteer; MURA would be facilitator of the plan using resources from all stakeholders; the plan will require some financial support from the city as well as other stakeholders; new City Planner can look for available grants for funding; need to investigate how to make Uptown a Wi-Fi zone with fiber optic availability; Council Member Stroud asked that Leon look into prices for systems to make Uptown wireless; it is important to have a strategy for Uptown; the City is not in a position to fund this entire plan. Mayor Lawson stated consideration of endorsing MURA's plan will be placed on the agenda for the October 28 meeting where a decision will be made by Council.

Amy Tuttle, Director of Henry-Martinsville Social Services, briefed Council on statistics as far as clients served and caseloads. She pointed out that confidentiality is compromised with the current building conditions and they are desperately in need of adequate space. Board member, Kathy Rogers, made a presentation to Council with the following points made: the Board feels it is imperative to keep this issue before Council; inadequate space issues; parking issues; maintenance issues; water damage; Social Services needs a new facility that provides enough space to insure confidentiality, that provides room for additional employees if funding becomes available, provides adequate parking; provides a safe environment for employees and constituents, and is cost effective with minimal maintenance issues. Board chairman, Ben Meador, urged Council to consider allowing Social Services to move into the former MZM building. Council comments included: Mayor Lawson pointed out that the City Manager and Henry County Administrator are currently working on a solution for space needs of Social Services; there are options to fulfill needs of Social Services; Council Member Teague pointed out he is not in favor of Social Services using the MZM building due to the investment the city has made in that property and we need to let it come to fruition; Council Member Turner stated he is in favor of keeping the MZM building for industrial use. Citizen comments: William D. Price asked that the governing bodies get together and make a decision to do something about the Social Services situation by a set date. John Matthews, a member of Social Services Board asked that Council move forward and make a decision.

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On a motion by Gene Teague, seconded by Mark Stroud, Council adopted the following resolution with a 4-0 vote recognizing GED Week in the Workforce Investment Board's (WIB) region:

WHEREAS, the West Piedmont Workforce Investment Board region of Virginia, consisting of Danville and Martinsville and the counties of Henry, Patrick and Pittsylvania, recognizes that a well-educated workforce is essential to the vitality and growth of our economy and the strength of our community; and

WHEREAS, nearly 35 percent of the adults in the West Piedmont area do not possess a high school diploma or GED credential, which hinders their efforts to earn a good wage and provide for their families; and

WHEREAS, the West Piedmont Workforce Investment Board has identified earning the GED certificate as a critical first step for hardworking, yet under-educated citizens, to improve their quality of living; and

WHEREAS, the West Piedmont Workforce Investment Board is working to increase awareness of and access to GED preparation and testing opportunities; and

WHEREAS, West Piedmont region's adult education programs offered by our public school systems and community colleges have helped hundreds of adults each year to earn their GED credential; and

WHEREAS, the West Piedmont Workforce Investment Board region, along with the other 15 local Workforce Investment Boards throughout the Commonwealth, will hold events to stress the importance of a well-informed and well-educated workforce and citizenry;

NOW, THEREFORE, I, Kathy C. Lawson, Mayor of Martinsville, and as a member of the West Piedmont Workforce Investment Board region, hereby recognizes **October 13-19, 2008 as GED Week and October 15, 2008 as GED Day in Martinsville**, and I call this observance to the attention of all our citizens.

Council then considered adoption of a resolution authorizing the execution of an agreement providing for the obligations of the City to consider certain appropriations to the Henry County Industrial Development Authority (IDA) and Henry County for financing of a shell building. The proposed shell building, on a revenue shared lot in the Patriot Center, is expected to be financed through the issuance of bonds, by the Henry County IDA in the aggregate principal amount of \$3,500,000. Such bonds will be issued over two periods, including \$1,500,000 in 2008 and \$2,000,000 in early 2009. The resolution commits the City to pledge its rights under the revenue sharing agreement in support of the bond issuance. Council Member Danny Turner made a motion to not take part and the motion died for lack of a second. Council Member Teague pointed out we are missing opportunities for prospects if we are without a shell building and it is a very effective tool for our community. A motion was made by Council Member Teague with a second by Mark Stroud to adopt the resolution. Council Member Turner offered an amendment to the motion that the City get the EDC to get the Harvest Foundation to guarantee the money as they did with the RTI deal. The amendment died for lack of a second. The following resolution was approved by Council with a 3-1 vote, with Council Member Turner dissenting:

**RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT
PROVIDING FOR THE OBLIGATIONS OF THE CITY TO CONSIDER
CERTAIN APPROPRIATIONS TO THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF HENRY COUNTY, VIRGINIA AND HENRY COUNTY, VIRGINIA
TO FINANCE THE CONSTRUCTION OF A SHELL BUILDING FOR
ECONOMIC DEVELOPMENT PURPOSES AT THE PATRIOT CENTER
INDUSTRIAL PARK**

WHEREAS, the City Council (the "City Council") of the City of Martinsville, Virginia (the "City"), desires to assist Henry County, Virginia ("Henry County") and the Industrial Development Authority of Henry County, Virginia (the "Henry County IDA") in connection with their efforts to obtain financing for all or a portion of the costs associated with the design, construction and equipping of a shell building on Lot 10 located in the Patriot Center Industrial Park for use in economic development efforts to attractive commercial businesses to locate in the area, together with related costs and expenses (collectively, the "Project");

WHEREAS, the Henry County IDA is the fee simple owner of Lot 10 located in the Patriot Center Industrial Park (together with the Project, referred to as, the "Property");

WHEREAS, pursuant to that certain Revenue Sharing Agreement dated as of April 30, 2002 by and among the City, Henry County and the Henry County IDA (the "Revenue Sharing Agreement"), the parties have agreed, among other things, that when a business locates on one of the designated sites on the Property, Henry County will pay to the City, on a subject to appropriation basis, one-third of all revenues generated by the real estate, personal property, machinery and tools, and consumer utility taxes collected by Henry County from the business located on such site, after Henry County is reimbursed for infrastructure costs in excess of grant funds and after repayment of any cash incentives that may be paid by the County.

WHEREAS, the undertaking of the Project is expected to be financed through the issuance by the Henry County IDA of its Lease Revenue Bond (Henry County Shell Building Project), in the aggregate principal amount of \$3,500,000 consisting of the \$1,500,000 Lease Revenue Bond, Series 2008 (the "Series 2008 Bond") and the \$2,000,000 Lease Revenue Bond, Series 2009 (the "Series 2009 Bond") (the Series 2008 Bond and the Series 2009 Bond shall collectively be referred to as the "Bonds"), and the issuance of the Bonds are expected to be undertaken in accordance with the following documents (the "Financing Documents"):

(a) A Lease Agreement between the Henry County IDA and Henry County, pursuant to which the Henry County IDA will lease the Property to the County, and the County will agree, on a subject to appropriation basis, to make lease payments thereunder equal to or greater than the debt service payments due and payable on the Bond;

(b) An Assignment Agreement from the Henry County IDA to _____ (the "Bank"), assigning the rights of the Henry County IDA under the Lease Agreement (except for certain rights to indemnification, payment of fees and expenses, etc.) to and for the benefit of the Bank;

(c) One or more support, purchase or similar agreements by and among the Henry County, the Henry County IDA, the Martinsville Henry County Economic Development Council ("MHCEDC") and the City (collectively, whether encompassed in one or more agreements, referred to as, the "Support Agreement"), pursuant to which, generally, (i) the MHCEDC will agree to fund to or otherwise reimburse Henry County for certain design, engineering, maintenance, insurance, utility, legal and other soft costs associated with the development of the Project, together with an amount equal to the rental payments due during the first year of the Lease Agreement and (ii) the City, in consideration of the Revenue Sharing Agreement and its other interests and desire to facilitate the development of the Project, will agree, subject to the terms set forth therein, to fund to or otherwise reimburse Henry County for an amount equal to at least thirty three (33%) percent of the rental payments due and payable by Henry County during the second through the fifth year of the Lease Agreement, in each case subject to the terms and conditions of the Support Agreement, together with such changes, modifications or additions to the foregoing as may be approved by the City;

(d) A Collateral Assignment or similar agreement pursuant to which the Henry County IDA and Henry County will assign substantially all of their rights under the Support Agreement to and for the benefit of the Bank;

(e) A Bank Qualification Allocation Agreement with respect to the Series 2008 Bond and the Series 2009 Bond.

(f) Such other documents and agreements as may be deemed necessary or appropriate by Henry County in order to effectuate the financing of the Project.

WHEREAS, the obligation of the City to make any payments under the Support Agreement shall be subject to annual appropriations by the City Council, which is under no legal obligation to make such appropriations. Neither the Lease Agreement, the Support Agreement, the other Financing Documents nor the Bond will constitute a general obligation debt of the Commonwealth of Virginia or any political subdivision thereof, including the City, Henry County, and the Henry County IDA, or a pledge of the faith and credit or taxing power of the Commonwealth of Virginia, the City, Henry County or the Henry County IDA.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF MARTINSVILLE, VIRGINIA:**

1. It is determined to be in the best interests of the City and its citizens for the City Council to enter into a Support Agreement in connection with the Project.

2. The City Manager and Assistant City Manager, either of whom may act, are hereby authorized and directed to execute and deliver a Support Agreement in connection with the Project upon the terms and conditions generally described herein, together with such amendments, modifications and supplements thereto as may be acceptable to the City Manager or Assistant City Manager; provided, however, that (i) the aggregate principal amount of the obligations under the Lease Agreement shall not exceed \$3,500,000, (ii) the interest rate on the

principal components of the rentals under the Lease Agreement shall not exceed 4.00% per annum, (iii) the final maturity date of the Bonds and the term of the Lease Agreement shall not extend beyond December 31, 2014, (iv) the debt service payments due under the Bonds (and the rental payments under the Lease Agreement) shall consist of interest-only payments (together with any costs and expenses) until the maturity date thereof, and (v) the principal amount of the Bonds and rental payment under the Lease Agreement is subject to prepayment at any time (upon reasonable notice), without premium or penalty. The execution and delivery of the Support Agreement by the City Manager or Assistant City Manager shall constitute conclusive evidence of his approval of such completions, omissions, insertions or changes.

3. The City Council hereby consents to execution and delivery of the other Financing Documents to be prepared in connection with the financing of the Project.

4. Recognizing that the obligations of the City under the Support Agreement shall in no way constitute an obligation or indebtedness of the City, nor a pledge of the full faith and credit or taxing power of the City, in furtherance of the terms and conditions of the Revenue Sharing Agreement, the City acknowledges and agrees that that an allocation to the City of approximately 33% of the principal amount of the Series 2008 Bond for purposes of Section 265(b)(3)(C)(iii) of the Internal Revenue Code of 1986, as amended (the "Code") represents a reasonable allocation bearing a reasonable relationship to the benefits to be received by the City from the issuance of the Series 2008 Bond in connection with the financing of the Project. The City hereby designates its reasonable allocation of the benefits to be received from the issuance of the Series 2008 Bond, as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code. The City (together with its subordinate entities) does not reasonably anticipate issuing more than \$10,000,000 in bonds, notes, leases or other obligations of the City (excluding private activity bonds which are not qualified 501(c)(3) bonds under Section 145 of the Code) during calendar year 2008, and the City (together with its subordinate entities) has not and will not designate more than \$10,000,000 of qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code during such calendar year. The City Manager and Assistant City Manager are each hereby authorized and directed to execute and deliver a bank-qualification allocation agreement or similar agreement necessary to further effectuate the foregoing.

5. It is the present intention of the City Council to designate an allocation by the City of approximately 33% of the Series 2009 Bond as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(C)(iii) of the Code once the Series 2009 Bond is issued in 2009.

6. The City Council, while recognizing that it is not empowered to make any binding commitment to make appropriations under the Support Agreement in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future City Councils do likewise during the term of the Support Agreement. The City Manager and Assistant City Manager are hereby authorized and directed to carry out the obligations imposed on them by the Support Agreement, subject to the terms and conditions of this Resolution.

7. This resolution shall take effect immediately.

CERTIFICATE

The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing is a true, correct and complete copy of a resolution duly adopted by a majority of the members of the City Council of the City of Martinsville, Virginia present and voting during the meeting duly called and held on September 23, 2008, and that such resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof. A summary of the members present or absent at such meeting, and the recorded vote with respect to the foregoing resolution, is set forth below:

MEMBER NAME	VOTING				
	PRESENT	ABSENT	YES	NO	ABSTAINING
Kathy Lawson	_____	_____	_____	_____	_____
Kimble Reynolds	_____	_____	_____	_____	_____
M. Gene Teague	_____	_____	_____	_____	_____
Mark C. Stroud, Sr.	_____	_____	_____	_____	_____
Danny Turner	_____	_____	_____	_____	_____

WITNESS my hand and the seal of the County this ____ day of September, 2008.

Clerk, City Council,
City of Martinsville, Virginia

(SEAL)

On a motion by Gene Teague, seconded by Mark Stroud, with a 3-1 vote, with Council Member Turner dissenting, Council authorized the City Manager or Assistant City Manager to sign the following Bank Qualification Allocation Agreement:

BANK QUALIFICATION ALLOCATION AGREEMENT

This Bank Qualification Allocation Agreement is made and entered into as of October 1, 2008 (this "Allocation Agreement"), by and among the Industrial Development Authority of the Henry County, Virginia, a political subdivision of the Commonwealth of Virginia (the "IDA"), and (i) the City of Martinsville, Virginia (the "City"), and (ii) Henry County, Virginia (the "County") (collectively, the City and the County are referred to as, the "Participating Units").

RECITALS:

WHEREAS, the IDA is financing the construction of a shell building to be located in the Patriot Center Industrial Park (the "Project") with the proceeds to received from the IDA's issuance and sale of its \$1,500,000 Lease Revenue Bond (Henry County Shell Building Project), Series 2008 (the "Bond") to (the "Bank"); repayment of which is secured by, among other things, a subject to appropriation lease payment obligation of the County pursuant to a Lease Agreement dated as of October 1, 2008 by and between the IDA and the County with respect to the Project (the "Lease Agreement");

WHEREAS, the County, the City and the IDA have previously entered into a Revenue Sharing Agreement dated as of April 30, 2002 with respect to the Patriot Center Industrial Park;

WHEREAS, the City is entering a Support Agreement with the IDA, the County and certain other parties (the "Support Agreement") whereby, among other things, the City will agree, on a subject to appropriation basis, to fund to or otherwise reimburse the County for an amount equal to thirty three (33%) percent of the payments due and payable by Henry County during the term of the Lease Agreement; and

WHEREAS, pursuant to a resolution adopted by the City Council of the City on September 1, 2008, while recognizing that the obligations of the City under the Support Agreement shall in no way constitute an obligation or indebtedness of the City, nor a pledge of the full faith and credit or taxing power of the City, in furtherance of the terms and conditions of the Revenue Sharing Agreement, the City acknowledged and agreed that that an allocation to the City of approximately 33% of the principal amount of the Bond for purposes of Section 265(b)(3)(C)(iii) of the Internal Revenue Code of 1986, as amended (the "Code") represents a reasonable allocation bearing a reasonable relationship to the benefits to be received by the City from the issuance of the Bond in connection with the financing of the Project.

WHEREAS, pursuant to Section 265(b)(3)(C)(iii) of the Internal Revenue Code of 1986, as amended (the "Code") the Participating Units are entering into this Allocation Agreement to allocate the amount of the Bond amongst the IDA, the City, and the County.

NOW, THEREFORE, the parties hereby agree as follows:

1. **Allocation of Bond.** The parties hereto irrevocably agree to allocate the amount of the Bond for purposes of Section 265(b)(3)(C)(iii) of Code as set forth below:

IDA	\$ 0
City	\$ 495,000
County	\$ 1,005,000
Total	\$ 1,500,000

2. **Reasonable Relationship.** The allocation set forth in Section 1 bears a reasonable relationship to the respective benefits to be received by the IDA, the County and the City from the issuance of the Bond within the meaning of Section 265(b)(3)(C)(iii) of the Code.

3. **Entire Agreement.** This Allocation Agreement sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. None of the terms or conditions of this Allocation Agreement may be changed, modified, waived or canceled orally or otherwise, except by writing, signed by the parties hereto, specifying such change, modification, waiver or cancellation of such terms or conditions, or of any proceeding or succeeding breach thereof.

4. **Counterparts.** This Allocation Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

5. **Governing Law.** This Allocation Agreement shall in all respects be governed by the laws and judicial decisions of the Commonwealth of Virginia.

6. **Enforceability.** Should any one or more of the provisions of this Allocation Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

*[Remainder of Page Intentionally Left Blank
Signature Page to Follow]*

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WITNESS the following signatures as of the date set forth above.

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF HENRY COUNTY, VIRGINIA**

By: _____
Its: Chairman

CITY OF MARTINSVILLE, VIRGINIA

By: _____
Its: _____

HENRY COUNTY, VIRGINIA

By: _____
Its: County Administrator

4523669

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On a motion by Gene Teague, seconded by Mark Stroud, with a 3-1 vote, with Council Member Turner dissenting, Council approved the following support agreement authorizing the City Manager or Assistant City Manager to sign:

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT, made as of _____ 1, 2008, is entered into by and among Henry County, Virginia (the "County"), the City Council of the City of Martinsville, Virginia (the "City Council"), acting as the governing body of the City of Martinsville, Virginia (the "City"), the Industrial Development Authority of the Henry County, Virginia (the "Authority") and the Martinsville Henry County Economic Development Council ("MHCEDC"), in connection with the financing for all or a portion of the costs associated with the design, construction and equipping of a shell building on Lot 10 located in the Patriot Center Industrial Park for use in the County's economic development efforts to attractive commercial businesses to locate in the County, together with related costs and expenses (collectively, the "Project"), with the proceeds to be received from the Authority's issuance of its \$1,500,000 Lease Revenue Bond (Henry County Shell Building Project) Series 2008 (the "Series 2008 Bond") and the \$2,000,000 Lease Revenue Bond (Henry County Shell Building Project) Series 2009 (the "Series 2009 Bond") (the Series 2008 Bond and the Series 2009 Bond shall hereinafter be collectively referred to as the "Bonds"), from the purchaser of the Bonds (the "Bank").

WITNESSETH:

WHEREAS, the Authority is the fee simple owner of Lot 10 located in the Patriot Center Industrial Park (together with the Project, referred to as, the "Property");

WHEREAS, the County has agreed to lease the Property from the Authority pursuant to the terms and conditions of a Lease Agreement dated as of October 1, 2008 (the "Lease Agreement"), pursuant to which, among other things, the County has agreed to pay, on a subject to appropriation basis, rental payments under the Lease Agreement sufficient to pay 100% of the principal of and interest on the Bonds as and when due and payable.

WHEREAS, a condition precedent to the execution and delivery of the Lease Agreement by the County, and the willingness of the Bank to purchase the Bonds, is the execution and delivery of this Agreement.

WHEREAS, each of the parties to this Agreement has an interest in facilitating the successful financing and completion of the Project, and hereby desires to enter into this Agreement in order to effectuate the foregoing.

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. The Authority hereby agrees to use its best efforts to issue the Bond, and to make the proceeds thereof available to the County in order to undertake the Project in accordance with the terms and conditions of the Lease Agreement. The County hereby agrees, for the benefit of each of the parties hereto, to abide by the terms and conditions of the Lease Agreement.

2. The MHCEDC hereby agrees, upon receipt of applicable invoices or similar documentation from the County, to fund to or otherwise reimburse the County (either directly or via the Authority), for the design, engineering, maintenance, insurance, utility, legal and other costs associated with the development and financing of the Project, together with an amount equal to the rental payments due under the Lease Agreement through _____ 1, [2010], which is anticipated to

consist of the Project construction period and one year following the completion of the Project. Any and all amounts so invoiced by the County to the MHCEDC shall be due and payable within fifteen (15) days of the receipt of notice from the County that such amounts are due and payable. Upon any failure by the MHCEDC to comply with the terms and conditions of this Agreement, the County and the Authority shall be entitled to exercise any and all remedies available under applicable law, and shall be entitled to indemnification and reimbursement for any and all costs and expenses, including legal fees, incurred in connection with the enforcement of its rights hereunder.

3. (a) The City, in furtherance of and in consideration of that certain Revenue Sharing Agreement dated as of April 30, 2002 by and among the City, the County and the Authority with respect to the Patriot Center Industrial Park (the "Revenue Sharing Agreement"), hereby agrees, on a subject to appropriation basis, to fund to or otherwise reimburse the County for an amount equal to thirty three (33%) percent of the rental payments due and paid by the County under the Lease Agreement from _____, 2008 through _____, 1, 2010 (the maturity date). The County shall promptly provide to the City, once available and dependent upon the timing of the disbursements under the Bonds, but in any event on or before April 1 of each year, a summary of, and request of payment for, the anticipated amounts to be payable by the City, on a subject to appropriation basis, under this Agreement during the succeeding fiscal year of the City. The City Council acknowledges that it is entering into this Agreement on behalf of the City in consideration for the Authority's and the County's agreement to undertake the Project. Annual appropriations by the City Council pursuant to this Agreement may be essential for the Authority to pay debt service due on the Bond. Any amounts so appropriated by the City Council shall be payable to or for the benefit of the County as necessary to satisfy the City's obligations hereunder.

(b) The City Council hereby declares the nature of the Project and the execution and delivery of this Agreement to be a necessary undertaking that will benefit the City and its residents, and anticipates that the need for the Project will not change during the term of the Lease Agreement. Notwithstanding anything in this Agreement to the contrary, the City's obligations to pay the amounts set forth herein shall be subject to and dependent upon appropriations being made from time to time by the City Council for such purpose; provided, however, that the City Manager or other officer charged with the responsibility for preparing the City's annual budget shall include in the budget for each fiscal year the amounts requested hereunder by the County for payment by the City during such fiscal year. Throughout the term of the Lease Agreement, the City Manager shall deliver to the Bank and the County within ten days after the adoption of the budget for each fiscal year, but not later than July 10th, a certificate stating whether an amount equal to the amount which is requested for payment by the City during the fiscal year beginning July 1st has been appropriated by the City Council in such budget. If at any time during any fiscal year of the City, the City is notified by the County (or otherwise learns) that the amount appropriated in the budget of the City for the fiscal year is insufficient to pay when due the amounts appropriately requested by the County for payment hereunder, the City Manager shall submit to the City Council at the next scheduled meeting of the Board of Supervisors, or as promptly as practicable, but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit.

(c) Nothing herein contained is or shall be deemed to be a lending of the credit of the City, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the City. Nothing herein contained shall bind or obligate the City Council to appropriate funds for the purposes described herein.

4. All demands, notices, approvals, consents, requests, and other communications under this Agreement shall be in writing and shall be deemed to have been given when delivered in person

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or mailed by first class registered or certified mail, postage prepaid, addressed in accordance with the notice addresses currently on file in the County's records. Any party may designate any other address for notices or requests by giving notice under this paragraph.

5. This Agreement shall be governed by the laws of the Commonwealth of Virginia.

6. The parties hereto understand, consent and agree that the Authority and the County shall assign all of their rights and remedies under this Agreement to and for the benefit of the Bank pursuant to the terms and conditions of that certain Collateral Assignment Agreement dated as of _____, 1, 2008. Without in any way limiting the foregoing, the Bank shall be deemed a third party beneficiary of this Agreement, entitled to exercise any and all rights and remedies available to the County or the Authority hereunder.

7. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement.

8. This Agreement shall remain in full force and effect until the Bond has been paid in full, and may not be amended or modified except by a written instrument which has been executed by each of the parties hereto and which has been consented to by the Bank in writing.

9. Each of the parties hereto shall, to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further instruments documents or other agreements as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights of the County and the Authority under this Agreement.

10. This Agreement may be executed, as evidenced by manual or facsimile signatures, in several counterparts each of which shall be an original and all of which together shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

HENRY COUNTY, VIRGINIA

By: _____
County Administrator

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF HENRY COUNTY, VIRGINIA**

By: _____
[Vice] Chairman

CITY OF MARTINSVILLE, VIRGINIA

By: _____

Its: _____

**MARTINSVILLE HENRY COUNTY
ECONOMIC DEVELOPMENT COUNCIL**

By: _____

Its: _____

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Leon Towarnicki, Director of Public Works and Assistant City Manager, briefed Council on traffic counts done on Barrows Mill Road and Clearview Drive giving statistics on types of vehicles and average speeds. He summarized by saying he saw nothing as particularly unusual. Mayor Lawson noted the traffic counter was placed in a curve and may not be a totally accurate way to measure. There was discussion as to impact on Barrows Mill Road traffic and the impact RTI will have. There may be a need to look at putting up No Thru Trucks signs and more speed limit signs.

On a motion by Gene Teague, seconded by Mark Stroud, with a 4-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 09/23/2008

ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY08</u>				
GENERAL FUND:				
01101918	443312	State Grant - JAG - Police Dept		5,466
01311085	506106	Police - Non-Capital Grant Byrne	5,466	
Total General Fund:			5,466	5,466

FY09

GENERAL FUND

01100909	490104	Recovered Costs		2,467
01331108	503820	Sheriff Corrections - Electronic Incarceration	1,200	
01331108	506104	Sheriff Corrections - Non-Capital Equipment (Refund of Prior Year Expenditure)	1,267	
01102926	436423	Categorical Federal - Safe Neighborhoods Grant		20,000
01311085	501210	Police Dept. - O/T - Safe Neighborhoods (Project Safe Neighborhoods - Dept. of Justice)	20,000	

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01102926	436401	Categorical Federal - Federal Asset Forfeiture		48,108
01311085	506079	Police Dept. - Federal Asset Forfeiture (Federal Asset Forfeitures - rec'd 8/21/08)	48,108	
01101918	443312	State Grant - JAG - Police Dept.		6,084
01311085	506106	Police - Non-Capital Grant Byrne	6,084	
Total General Fund:			76,659	76,659
CAPITAL RESERVE FUND				
16100909	490104	Recovered Costs		2,581
16576366	508055	ADP Equipment - Information Services (Refund of Prior Year Expenditure)	2,581	
Total Capital Reserve Fund:			2,581	2,581
SCHOOL FUND				
18103908	418286	Misc Revenue - E-rate Reimbursement		4,033
85001040	568209	Technology - E-rate ADP Equipment	4,033	
18101917	418281	Categorical Other State - DMAS Reimb		5,827
82001002	565750	District Wide - Special Education Related Services	5,827	
18100909	490104	Advanced/Recovered Costs		4,408
89001020	561176	Transportation - Operation S & W	1,350	
89001020	566051	Transportation - Bus Fuel	3,058	
Total School Fund:			14,269	14,269

The Mayor asked for business from the floor. Ken Hughes, pastor of Forest Hills Presbyterian Church, stated he wanted to lend a voice to move Social Services to a location to better serve the citizens. The human impact of this situation matters the most and makes the matter acute as conditions are deplorable especially for lack of privacy.

Comments from City Council: Turner—he wants Council to review arena situation to reconsider dividing the project into other venues instead of one large arena. Teague—he pointed out we have to figure out how to protect citizens' money as well as serve Social Services' clients. He feels there are space solutions that will protect the taxpayer. Stroud—he stressed that Council has spent a significant amount of time to seek a solution for Social Services and we are looking for the best option. Mayor Lawson—she pointed out that the City Manager has already asked staff to save money wherever possible; reported City Manager is attending ICMA conference; reminded Council of their planning work session on September 25.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Gene Teague, seconded by Danny Turner, with the following 4-0 recorded vote: Mrs. Lawson, aye; Mr. Teague, aye; Mr. Stroud, aye; and Mr. Turner, aye, Council convened in Closed Session, for the purpose of discussing the

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following matter: (A) appointments to Boards and Commissions as authorized by Subsection 1.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during said Session. On a motion by Gene Teague, seconded by Mark Stroud, with the following 4-0 recorded vote: Mrs. Lawson, aye; Mr. Teague, aye; Mr. Stroud, aye; and Mr. Turner, aye, Council returned to Open Session.

Council took the following action regarding Boards and Commissions:

On a motion by Danny Turner, seconded by Gene Teague, with a 4-0 vote, Council appointed Kim Adkins, 1010 Sheraton Court, to the West Piedmont Planning District Commission for an unexpired 3 year term ending 6/30/09.

There being no further business, Mayor Lawson adjourned the meeting at 9:45 PM.

Leon E. Towarnicki
Deputy Clerk of Council

Kathy C. Lawson
Mayor